



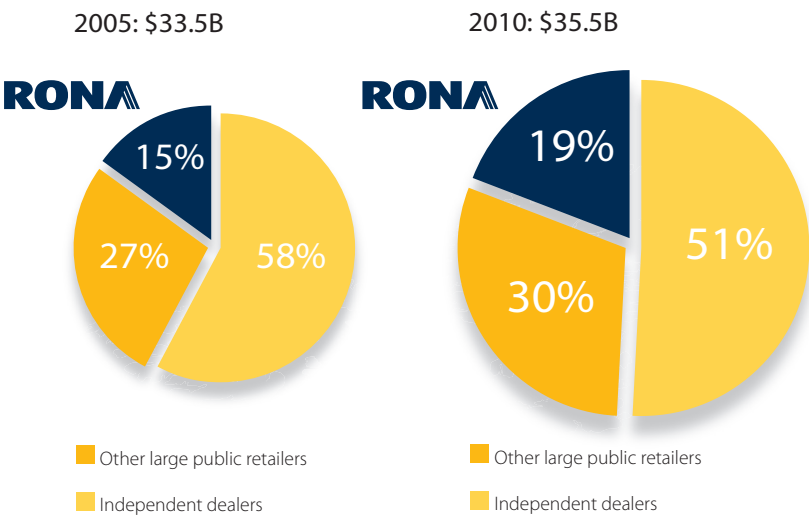
RONA

BUILDING
our sustainability

Table of content

Building our sustainability	1
2010 highlights	2
Message from the Chairman of the Board	3
Message from the President	4
Review of operations	6
Sustainable development	16

RONA
is the consolidator in Canada's
renovation-construction market



Source: industry sources and management estimates.

Truly Canadian from coast-to-coast



■ On the front cover:
Marie-Pierre Breton, RONA dealer



IT HAS BEEN SAID THAT THE FUTURE IS BUILT ONE CHOICE AT A TIME — THAT THE DECISIONS WE MAKE TODAY WILL INEVITABLY SHAPE AND IMPACT TOMORROW.

BUILDING our sustainability

At RONA, we are confident that the choices we made over the course of 2010, the actions we have taken, the programs implemented and the innovations unveiled will all contribute to future growth and value creation for the Company and its stakeholders. Elsewhere in this report, you can learn more about the many initiatives designed to help us build our sustainability:

- Achieving increased diversification and balance by assembling a strong platform in the commercial and professional market while continuing to grow our market-leading distribution and retail businesses;
- Maintaining our focus on costs, productivity and optimal day-to-day-execution;
- Earning the on-going allegiance of value-conscious consumers with the industry's best customer-loyalty programs plus an outstanding portfolio of private and controlled brands;
- Reducing RONA's own environmental footprint and making it easier for Canadians to adopt more eco-friendly habits with innovative programs and product offerings;
- Rolling out the industry's only comprehensive succession-planning program and ramping up our efforts to attract and nurture next-generation entrepreneurs;
- Adopting a new pro-active policy designed to facilitate continuous improvement in RONA's governance and compensation practices.



QUEBEC

5 distribution centres

326 bannered retail stores

35 non-bannered distribution customers

2 commercial and professional branches

14,450 employees

ATLANTIC PROVINCES

48 bannered retail stores

20 non-bannered distribution customers

970 employees

OPERATIONAL HIGHLIGHTS

- RONA acquires TruServ Canada and introduces new tools and incentives that provide independent dealers with unparalleled choices to grow their businesses.
- Combination of four acquisitions and strong organic growth sees the Company gaining critical mass in the commercial and professional market.
- New integrated, regionally focused approach is designed to optimize operation and growth of the retail network.
- Introduction of Responsible Procurement Policy and launch of innovative online eco-responsible renovation guide underscore RONA's commitment to sustainability.
- New Dividend Policy reflects confidence in future growth and value creation.

2010 HIGHLIGHTS



FINANCIAL HIGHLIGHTS

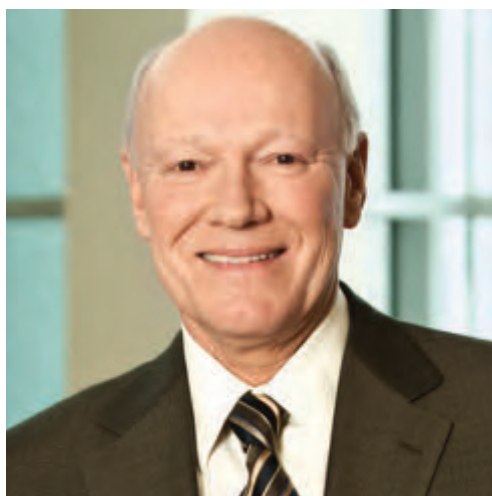
Years ended December 26, 2010, December 27, 2009 and December 28, 2008
(in thousands of dollars, except data relating to earnings per share, diluted earnings per share, number of shares and ratios)

	2010	2009	2008
Results of operations			
Sales	4,799,865	4,677,359	4,891,122
Operating income (EBITDA) excluding unusual items	344,027	346,803	376,951
Operating income (EBITDA)	344,027	332,994	364,729
Operating income margin (EBITDA/Sales) excluding unusual items	7.2%	7.4%	7.7%
Operating income margin (EBITDA/Sales)	7.2%	7.1%	7.5%
Net earnings excluding unusual items	143,221	147,829	167,494
Net earnings	143,221	138,252	156,451
Diluted earnings per share excluding unusual items	\$1.09	\$1.19	\$1.44
Diluted earnings per share	\$1.09	\$1.11	\$1.34
Cash flows from operating activities before changes in working capital items	272,156	258,512	264,114
Changes in working capital items	(148,010)	24,262	83,373
Cash flows from operating activities	124,146	282,774	347,487
Investments			
Business acquisitions	80,275	3,734	4,824
Fixed assets and intangible assets	149,582	161,899	196,145
Fixed assets and intangible assets as percentage of sales	3.1%	3.5%	4.0%
Capital structure			
Total assets	2,975,077	2,749,883	2,478,918
Shareholders' equity	1,921,610	1,779,039	1,468,225
Long-term debt	465,484	440,520	494,171
Net indebtedness	391,850	206,474	490,294
Supplemental information			
Shares outstanding	130,071,782	129,653,383	115,819,699
Stock price-closing	\$14.26	\$15.38	\$11.29
Market capitalization	1,854,824	1,994,069	1,307,604
Enterprise value	2,246,674	2,200,543	1,797,898
Enterprise value / Operating income ratio	6.5x	6.6x	4.9x
Price/Earnings Ratio	13.1x	13.9x	8.4x
Credit Rating (as at December 26, 2010)			
DBRS: BBB (stable outlook)			
Standard & Poor's: BBB- (stable outlook)			



STRONG GOVERNANCE

KEY TO BUILDING OUR SUSTAINABILITY



“Given the strength of our cash-flow generation and our confidence in the Company’s strategic orientation, we believe the time is right to recognize and reward our shareholders’ ongoing commitment to the Company with the introduction of a dividend policy.”

Again in 2010, RONA demonstrated its agility and ability to emerge stronger from the face of challenges.

Although the economy has been slow to rebound, the Company was able to strengthen its balance sheet to capitalize on growth opportunities through market consolidation and increase its market share. Further progress was also made in terms of improved efficiency and increased margins. This sets the stage for improved bottom-line growth and returns on capital as the recovery takes hold, in keeping with the current phase of RONA’s strategic plan.

NEW DIVIDEND POLICY

The Board of Director’s decision to establish a new dividend policy illustrates its confidence in management’s ability to execute that plan going forward. While our top priority for free cash flow has been to re-invest in long-term, value-creating growth strategies, we believe the time is now right to recognize and reward our shareholders’ ongoing commitment to the Company.

As announced on December 8, 2010, a cash dividend will be payable to holders of RONA’s common shares on a semi-annual basis. The first payment under the new policy, a seven-cent (\$0.07) per share dividend, was payable on March 25, 2011 to holders of record on March 10, 2011. The Board will review the policy from time to time in light of the Company’s cash flow, earnings, financial position and other relevant factors.

CONTINUOUS IMPROVEMENT IN GOVERNANCE

As noted on the cover, the theme of this year’s annual report is *Building our Sustainability*. Strong corporate governance is, of course, key in that regard. After consultation with industry experts and major shareholders, the Board has adopted a new pro-active policy designed to facilitate continuous improvement in RONA’s

governance and compensation practices as well as enhanced communication with stakeholders regarding such matters. This pro-active approach reflects the Board’s commitment to maintaining high standards of corporate governance and transparency in line with evolving best practices.

In accordance with the new policy, RONA now publishes an overview of its governance and compensation policies on the Company’s web site and will proactively communicate to stakeholders any significant changes. As well, means will be made available to stakeholders enabling them to submit to the Board, through the Corporate Secretary’s office, any recommendations or suggestions for improvements to the Company’s governance and compensation practices.

ACKNOWLEDGEMENTS

I wish to take this opportunity to thank my fellow directors for their wise counsel and commitment, without which the steps we have taken to further enhance corporate governance at RONA would not have been possible. Spencer Lanthier will leave the Board this year, having reached the mandatory retirement age. Spencer had a very positive impact as Chair of the Audit Committee. We thank him for the dedication and expertise he brought to RONA in this role. Finally, on behalf of the entire Board, I would like to commend our President and CEO, Robert Dutton, and his team for the progress they were able to achieve under challenging circumstances in 2010.

Jean Gaulin
Chairman of the Board of Directors



Robert Dutton, President and Chief Executive Officer,
Jean-Pierre Breton and Marie-Pierre Breton, RONA dealers.

WHY CHOOSE

As CEO, I am frequently asked: “Why choose RONA”? Whether the question comes from an investor, a potential dealer affiliate, an ambitious young person considering career choices or simply a value-conscious consumer, my answer is essentially the same: “Because we have the best plan and the best business model to create strong, lasting value for all our stakeholders or, in other words, to build our sustainability.”

Looking back at 2010 and ahead to 2011 and beyond, I believe this is clearly evident. Yes, we were disappointed that lingering economic uncertainty and flagging consumer confidence impacted same-store sales and delayed the achievement of our financial objectives. But we have made excellent progress on many other fronts — cost reduction, margin improvements, growing our private and controlled brands, increasing customer loyalty and enhancing overall efficiency.

Although the market was declining, we continued to gain market share, demonstrating that, for RONA, recession equals consolidation. While working hard to further increase brand recognition, we made a number of strategic acquisitions over the course of 2010 that strengthened our positions in all three chosen market segments — distribution, retail and commercial and professional. Noteworthy examples include Winnipeg-based TruServ Canada, with distribution sales in excess of \$100 million annually; Don Park, an Ontario-based distributor and manufacturer of heating, ventilation and air conditioning (HVAC) products with more than \$90 million in annual sales; and Pierceys, a leading chain of hardware stores and lumberyards serving the Halifax region with annual retail sales of more than \$50 million.

These achievements are in line with objectives set out in Phase 2 of our strategic plan, the New World program, and we are confident they will have a positive impact on RONA’s 2011 results.

LESSONS LEARNED FROM THE RECESSION

As I indicated above, one of the lessons learned from the recession was that, thanks to RONA’s financial strength and flexibility, we can capitalize on opportunities for further consolidation arising from the recession woes of our competitors. Among other lessons learned, it is important to maintain a sharp focus on execution, particularly when times are tough. So our PEP program (Productivity, Efficiency, Profitability) proved to be very timely. We also found out that we were more exposed to economic and market cycles than we had realized.

THREE COMPLEMENTARY SECTORS OF ACTIVITY

Those lessons are being put to good use as we move forward with a strategic plan that sets out clear short- and longer-term objectives aimed at building sustainability and making RONA not only consistently profitable but a clear-cut leader in its chosen markets.

Going forward, RONA will focus on three complementary sectors of activity — distribution, retail and commercial and professional. A more diversified, balanced portfolio will make our business less cyclical while opening up new opportunities for profitable growth, in Canada and elsewhere.

“Because we have the best plan and best business model to create strong, lasting value for all our stakeholders... in other words, to build our sustainability.”

We are also introducing new tools and incentive programs that provide even more compelling reasons for independents to join RONA and reinforce our role as the industry consolidator. Chief among those tools are our efficient distribution system, advantageous purchasing conditions and strong advertising, marketing and merchandising support. The continued growth in awareness of the RONA brand, combined with the best buying power in the Canadian industry, represent important added value for independent dealers joining RONA.

RONA's unique succession-planning program, rolled out during 2010, is a lynchpin of our efforts to attract and nurture the industry leaders of tomorrow — another key facet of the New World vision. RONA, in fact, represents the only viable solution to the succession issues that experts say will confront fully two thirds of Canada's independent dealers over the next 10 years.

our return on capital, when market conditions improve, while maintaining an investment-grade credit profile and reducing the cyclical nature of RONA's operations.

LOOKING AHEAD

Lingering economic uncertainty will continue to put pressure on sales and earnings growth over the next quarter or two. However, the underlying fundamentals for our industry are sound: Canada's housing market remains relatively strong compared to most other countries; there is pent-up demand in the renovation market, arising from an aging housing stock and the postponement of major renovations while homeowners wrestled with credit and debt worries; and Canadian interest rates remain low.

When the market does come back, RONA is well positioned to capitalize. We have greater operational leverage than ever before thanks to our



To that end, we are forging ahead with the assembly of a strong platform in hardware- and construction-related commercial and professional markets, such as plumbing and HVAC. Don Park was just one of four such acquisitions made in 2010.

At the same time, we continue to expand our Canada-wide distribution and corporate store networks. In addition to strengthening RONA's leadership position in distribution, the acquisition of TruServ Canada — which supplied a network of 250 dealers operating under its banners as well as 400 independents — enabled us to penetrate many communities not previously served by our Company, particularly in Ontario and Western Canada. It also brought increased diversity in the form of new product categories ranging from automotive and sporting goods to farm supplies.

MORE OPTIONS – MORE REASONS TO JOIN RONA

Perhaps most importantly, this acquisition meant that independents looking to ally themselves with the RONA network now have more options — the RONA banner, the TruServ Canada family of banners or a straightforward distribution service with no banner.

With regard to the New World, I should also note that our second annual RONA youth forum — popularly known as the “President's Summer Camp” — was a tremendous success. Sixty-two exceptional young people from across the RONA network gathered in Kananaskis, Alberta to exchange ideas and hear the views of distinguished leaders in the fields of business, the arts, sports and the environment.

ORGANIZATIONAL CHANGES REFLECT MORE INTEGRATED APPROACH

To help us pull together and leverage all the strengths of RONA's unique business model, we implemented some organizational changes at the end of 2010. The changes entail adopting a more integrated approach for the operation and development of our retail network, along with an increased regional focus designed to better address local market needs. Our aim is to optimize the growth and consolidation of the RONA presence in key urban and regional markets and to become the leader in each of those target markets.

The progress made in 2010 — plus the added momentum provided by our many new initiatives — will enable us to resume double-digit bottom line growth and gradually improve

PEP program, and we have a considerably larger and more diversified network than in the past, as a result of successful recruitment and strategic acquisitions. Our new, integrated structural and regional approach will also bring significant benefits.

As 2011 unfolds, RONA is strong, united and attuned to the future — at the forefront of emerging trends. With our focus on building sustainability, I believe we have the right business model and the right plan to create enduring long-term value for all our stakeholders.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my appreciation to the Board of Directors for their sound strategic advice and support, and to formally thank RONA employees everywhere for their hard work and commitment throughout 2010.


Robert Dutton
President and CEO

RONA is focused on three complementary sectors of activity in the hardware, renovation and construction marketplace: distribution, retail and commercial and professional. The combined annualized retail sales of these three sectors represent \$6.6 billion.

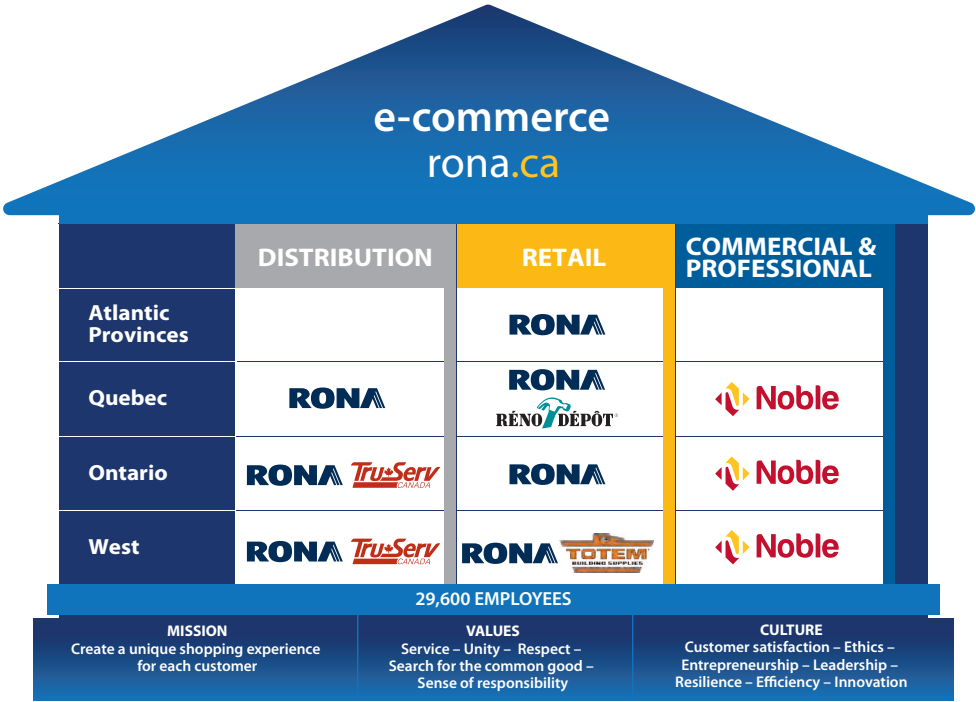
THREE COMPLEMENTARY SECTORS OF ACTIVITY

During 2010, the Company continued to grow its long-established distribution and retail networks — most notably with the acquisition of Winnipeg-based TruServ Canada and Halifax-based Pierceys — while further expanding its presence in the commercial and professional market.

RONA's diversification into the commercial and professional sector, with a particular emphasis on the plumbing and HVAC (heating, plumbing and air conditioning) segments, began in 2007 with the acquisition of the Ontario-based

plumbing specialist Noble. Recent acquisitions include Ontario HVAC specialist Don Park, Quebec finishing-plumbing specialist Plomberie Payette & Perreault and BC plumbing specialist MPH Supply.

As well as opening up new opportunities for sustainable growth and value creation, expansion of the Company's distribution and commercial and professional platforms provides RONA with a better balance of revenue streams and reduces its exposure to the cyclical nature of retail markets.



1

DISTRIBUTION

THE INDUSTRY'S MOST FLEXIBLE AND EFFICIENT SUPPLY CHAIN

17 CENTRES ACROSS CANADA

- 9 in Western Canada totalling 2.4 million square feet
- 3 in Ontario totalling 1.2 million square feet
- 5 in Quebec totalling 1.6 million square feet

5.2 MILLION SQUARE FEET OF DISTRIBUTION SPACE

- Hardware – 3.3 million square feet
- Lumber – 1.5 million square feet
- Plumbing-HVAC (heating, plumbing and air conditioning) – 400,000 square feet

SERVING 1,343 STORES

- 911 RONA, TOTEM, Réno-Dépôt and TruServ Canada bannered stores
- 387 non-bannered customers
- 45 specialized branches and boutiques for commercial and professional



2

RETAIL

LEADING BANNERS AND MULTIPLE INNOVATIVE STORE CONCEPTS

911 STORES ACROSS CANADA

- 665 dealer-owned small to mid-sized bannered stores
- 168 corporate proximity stores
- 78 corporate big-box stores

4 MAIN REGIONS

- Western Canada – 281 stores
- Ontario – 256 stores
- Quebec – 326 stores
- Atlantic Provinces – 48 stores

STRONG NATIONAL AND REGIONAL BANNERS

- Big-box: RONA Home & Garden, RONA L'entrepôt and Réno-Dépôt
- Proximity: RONA, TOTEM, Dick's Lumber, Matériaux Coupal, STUDIO by RONA
- Dealer-owned: RONA, TruServ Canada, Botanix



3

COMMERCIAL AND PROFESSIONAL

NATIONAL PLATFORM THAT RETAINS REGIONAL IDENTITIES AND AGILITY

SPECIALIST IN THE PLUMBING AND HVAC MARKET

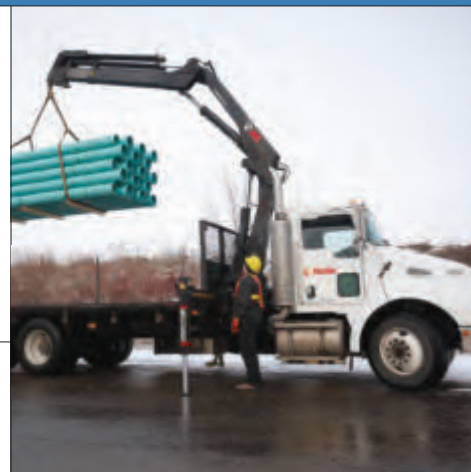
- 42 branches
- 3 finishing-plumbing boutiques
- 4 distribution centres
- 3 integrated manufacturing units

3 MAIN REGIONS

- Western Canada
 - 5 branches
 - 1 finishing-plumbing boutique
- Ontario
 - 37 branches
 - 2 distribution centres
 - 3 integrated manufacturing facilities
- Quebec
 - 2 finishing-plumbing boutiques
 - 2 distribution centres

STRONG REGIONAL BANNERS

- Noble (Ontario and Quebec)
- Don Park (Ontario)
- Boutiques Eaudace (Quebec)
- MPH Supply (British Columbia)
- Better Bathrooms (British Columbia)



STRATEGIC PRIORITIES

FINANCIAL OBJECTIVES

- Return to double-digit bottom-line growth.
- Gradually improve return on capital.
- Maintain RONA's financial flexibility.
- Keep investment-grade credit profile.

RONA IS ATTUNED TO THE **FUTURE** — TO BUILDING OUR **SUSTAINABILITY**, WHILE CAREFULLY **MANAGING** THE PRESENT

As it focuses on the execution of RONA's long-term strategic plan, the Company keeps a careful eye on the elements under its control, striving to continuously reduce costs, improve efficiency and gain market share.

SHORT-TERM PRIORITIES

1. Leverage the attractive new tools and benefits RONA offers independent dealers.
2. Implement a more regionally focused, integrated approach — encompassing both corporate stores and independent dealers — for the development and operation of the retail network in all Canadian markets.
3. Achieve critical mass in the Commercial and Professional Market division by establishing a national platform in Canada.
4. Continue the PEP (Productivity, Efficiency, Profitability) program with strong emphasis on supply-chain optimization, increasing the penetration rate of private and controlled brands, improving the gross margin and enhancing the overall quality of day-to-day execution as well as customer loyalty.

LONGER-TERM PRIORITIES

1. Attain a better balance in the revenue streams generated by RONA's three complementary sectors of activity, to reduce the cyclical nature of operations.
2. Achieve a penetration rate of one square foot of retail space per capita in selected market regions, which should bring RONA's share of the Canadian market to 25%.
3. Nurture a new generation of dynamic young managers and entrepreneurs and leverage RONA's unique succession-planning program.
4. Maintain industry leadership in sustainable development.



The Kolewaski family of Cold Lake, Alberta

PROVIDING INDEPENDENT DEALERS WITH ALL THE TOOLS THEY NEED TO COMPETE

The world is changing rapidly and RONA is at the forefront of emerging industry trends, providing Canada's independent hardware-renovation dealers with the tools they need to keep the pace with changing consumer demands and increased competition — including the arrival of new international players.

To level the playing field, independent dealers need to be aligned with a strong group that has a clear vision. With three different options to choose from — the RONA-bannered store, the TruServ Canada specialized banners, or whole-sale and distribution services with no banner — independents can pick the solution that is right for their particular business and their market.

RONA also offers the industry's only comprehensive succession-planning program — a crucial consideration given that an estimated two-thirds of Canada's independent dealers have no such plans in place.

TRUSERV CANADA ACQUISITION FURTHER STRENGTHENS DISTRIBUTION NETWORK AND PRODUCT OFFERING

RONA'S distribution network was further enhanced during 2010 with the strategic acquisition of TruServ Canada, whose assets included modern, well-equipped distribution centres in Winnipeg, Manitoba (400,000 sq. ft.) and Kitchener, Ontario (250,000 sq. ft.), serving 250 dealers under the TruServ banners as well as 400 independents.

At year-end 2010, the RONA distribution network encompassed 17 distribution centres totalling 5.2 million square feet, capable of efficiently serving the Company's coast-to-coast network of 291 corporate and franchised stores along with 665 bannered and 387 non-bannered dealer-owned stores. This extensive network enables all buying-group members to benefit from a secure, high-quality source of supply.

NEW PRODUCT CATEGORIES

As well as strengthening RONA's leadership position in distribution, the TruServ acquisition provided geographic penetration of many communities not previously served by the Company, particularly in Ontario, Western Canada and the North. It also brought increased diversity in the form of new product categories such as automotive, housewares, small appliances, sporting goods, pet foods and supplies and agricultural supplies.



Robert Dutton and Bill Morrison, President and CEO, TruServ Canada

3 DIFFERENT WAYS **TO GROW** FOR INDEPENDENT DEALERS

RONA OFFERS INDEPENDENT DEALERS A CHOICE OF THREE DISTINCTLY DIFFERENT SOLUTIONS TO ENHANCE THEIR COMPETITIVENESS.

1

THE RONA BANNER

- Strong national brand with high and growing level of awareness
- National marketing and merchandising support attuned to regional needs
- National, regional and local sponsorship programs
- Efficient distribution service with growing access to imports
- Responsible procurement policies, including well-recognized policy for wood products
- Broad selection of products at competitive prices, offering great value that reflects RONA's strong buying power
- Access to the full line of outstanding private and controlled brands and exclusivities — more than 4,000 items
- Unique offering of close to 500 RONA ECO products and more than 1,700 eco-responsible products, selected according to rigorous life-cycle assessment approach
- Best purchasing conditions:
 - solidarity discounts
 - volume rebates: containers, pallets, boxes, units
 - best prices on 300 reference items
 - harmonized transport costs on private and controlled brands
- Great loyalty programs — RONAdvantages and AIR MILES®
- Succession-planning program unique in the industry, including access to a 10-year, \$100-million succession fund
- Support for online initiatives
- Support and incentives for growth projects
- Best-practice retail support training and benchmarking

2

THE TRUSERV CANADA FAMILY OF BANNERS

- Efficient distribution service
- Broad range of products at competitive prices that reflect RONA's strong buying power
- Access to certain controlled brands, exclusivities and imports
- Specific marketing support
- Rebate and rewards program: price guarantee and best prices on 100 specific items
- Business sales support
- Succession-planning program

3

THE NON-BANNERED WHOLESALE DISTRIBUTION PROGRAM

- Efficient distribution service
- Broad range of products at competitive prices that reflect RONA's strong buying power
- Easy access for new accounts, with no commitment or contract

AT RONA WE GET IT

FOUNDED BY ENTREPRENEURS, WITH ROOTS IN THE CO-OP MOVEMENT AND DECADES OF EXPERIENCE IN DISTRIBUTION, RONA KNOWS THE HARDWARE-RENOVATION BUSINESS INSIDE-OUT.

WE UNDERSTAND WHAT CANADA'S INDEPENDENT DEALERS NEED TO SUCCEED.

BUSTLING B.C. DEALER ILLUSTRATES BENEFITS OF THE RONA BANNER

THE SUCCESSION-PLANNING PROGRAM IN ACTION



Today's up-and-coming young retailers are seldom content to simply carry on the established family enterprise. More often than not, they are driven to expand the size and scope of their stores and/or add new locations. RONA's succession-planning program, unique in the Canadian industry, is designed to make it easier for family members of independent dealers, RONA employees or aspiring entrepreneurs from outside the Company to acquire stores and grow their businesses. Introduced in late 2009, the program includes a \$100-million special fund, supported by RONA, its affiliated dealers and leading Canadian financial institutions, which makes available \$10 million per year to facilitate store-acquisition transactions.

By year-end 2010, five succession-planning projects already had been approved. Marie-Pierre Breton, daughter of an affiliate dealer-owner in the Quebec City region, is representative of the dynamic next-generation dealers the program is designed to benefit. An enthusiastic participant in the annual RONA youth forums — who boasts that she has “entrepreneurship in my blood” — Ms. Breton now operates her own RONA-bannered store in St-Augustin-de-Desmaures, 10 km west of Quebec City on the north shore of the St. Lawrence River.

With backing from her father — now her business partner — and the RONA succession fund, Marie-Pierre purchased Quincaillerie Maurice from its previous owners who, after 30 years in business, did not have a succession plan. “Without the backing from the succession fund, I would not have been able to put in place the rest of the financing required,” she says. “For me, this was crucial.” With major expansion plans in the works, she also has high praise for the on-going support received in areas such as human resources, merchandising and preparing her development plan. “The entire RONA team has been great.”

Since taking over in August 2010, Ms. Breton has invested in short-term improvements — refreshing the 6,500-square-foot store, improving the lumber yard and introducing new merchandising concepts. However, her plan is to move to a new 20,000-square-foot location with a larger lumber yard within the next three years.

A graduate of the École des Hautes Études Commerciales (HEC) business school at the University of Montreal, Marie-Pierre's longer-term ambition is to leverage her entrepreneurial drive and academic training to grow the business and become owner of a number of hardware-renovation stores in her region.

Rod Bellmann, an entrepreneur in the northern British Columbia city of Prince George, opted to become a RONA dealer in September 2008. Among the reasons he cited for embracing the RONA banner were a desire to grow his business, the need for support in key areas like advertising and merchandising, as well as access to a wide range of competitively priced product.

Rod has since invested \$3 million to expand and modernize Capital Building Supplies, adding a thriving retail hardware component to what had been essentially a contractor yard. Throughout the process, RONA provided invaluable guidance and expertise in areas ranging from building design and yard traffic-flows to merchandising, signage and financing structure.

The bottom line? Mr. Bellman's business is booming. With the support of RONA, sales have more than doubled, reaching \$8.5 million in 2010, and he is targeting \$10 million for 2011.

Capital Building Supplies' reputation for exceptional service and support of worthwhile local initiatives, including an addiction-treatment centre, earned Rod and his team the coveted 2010 Outstanding Community Leader Award from *Hardware Merchandising* magazine.





AN INTEGRATED, MORE REGIONALLY FOCUSED APPROACH TO GROW OUR RETAIL NETWORK

In late 2010, RONA began implementing a new organizational structure and approach designed to build on the value of its strong national brand awareness by providing increased regional flexibility with regard to marketing, merchandising, operations and development of the retail network.

Marketing and merchandising representatives have been appointed for each of the four main regions — Atlantic, Quebec, Ontario and the West. They will be responsible for interfacing with regional management teams as well as dealers in the respective regions. The goal is to ensure that the products and services offered are closely aligned with local needs and consumer tastes and take into account competitive offerings. Such considerations also will be reflected in changes to RONA's advertising-flyer program.

A key element of the new approach will see increased collaboration between affiliated dealer-owners and corporate stores to accelerate development and secure leadership positions for RONA in targeted regional and urban markets.

STRATEGIES TAILORED TO PARTICULAR MARKET

RONA's more-integrated approach will enable the Company to leverage its unique business model, which includes corporate and affiliated stores of varying sizes and formats. Depending on circumstances, the strategy for a particular

market may be corporate-centered, predominantly dealer-driven or, as is frequently the case, a combination of forces.

For example, RONA was able to significantly grow its presence in the South-western Ontario market during 2010, when the independent five-store Moffatt & Powell group was recruited to the RONA banner. The owners of Moffatt & Powell are committed to further expanding the family business with RONA's support and, as a first step, have taken over the operation of a Cashway proximity store in the area.

In Halifax, by contrast, RONA chose to consolidate its market position via the acquisition route — acquiring the Pierceys chain, which operates five hardware stores, major lumberyards and one of the largest fleets of construction materials and hardware delivery trucks in Nova Scotia. Pierceys stores are strategically located around the Halifax region and are an ideal fit with the big-box store RONA has been operating there since 2008.



Moffatt & Powell recruitment.
Robert Dutton, David Powell, D'Arcy Quinn and Nancy Powell Quinn.

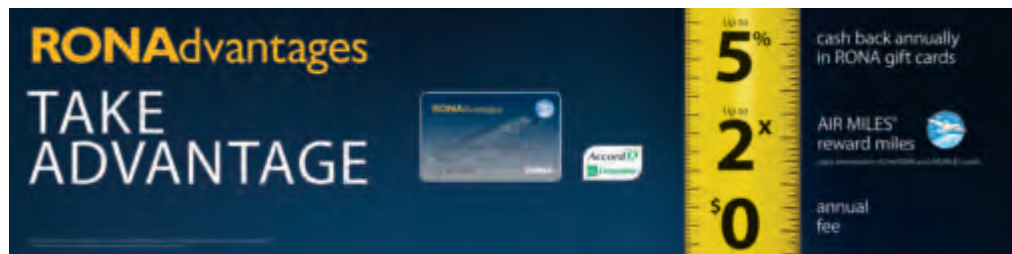
INCREASED BRAND RECOGNITION REFLECTS SUCCESS OF RONAdvantages AND PRIVATE-LABEL PROGRAMS

High-profile marketing initiatives and loyalty programs continue to drive the vision and enhance the value of the RONA brand.

The new improved RONAdvantages program, introduced in April 2010, has achieved rapid success: the number of new cards issued tripled from the previous year. The loyalty program offers holders of the RONA private-label credit card a range of benefits that include rebates in the form of gift cards for up to 5% of their net annual purchases, double AIR MILES® reward miles and other exclusive offers as well as attractive payment options.

Excellent progress is also being made with the expansion of the Company's private-label and controlled-brand products and exclusivities, which now total over 4,000 skus. By the end of 2010, RONA's penetration rate in private and controlled brands had reached 24% — achieving the 2011 objective a year in advance.

These product lines offer a combination of quality and value designed to build consumer loyalty — as well as the loyalty of affiliated merchants, thanks to excellent margins. RONA is working to build them into nationally recognized brands. For instance, HAUSSMANN products are now the “official power tools of the Canadian Football League”.



HAUSSMANN



HAUSSMANN



XPERT



UBERHAUS



UBERHAUS
Design



UBERHAUS
PRO



RONA



RONA
Collection



RONA
ECO



PRO-PULSE



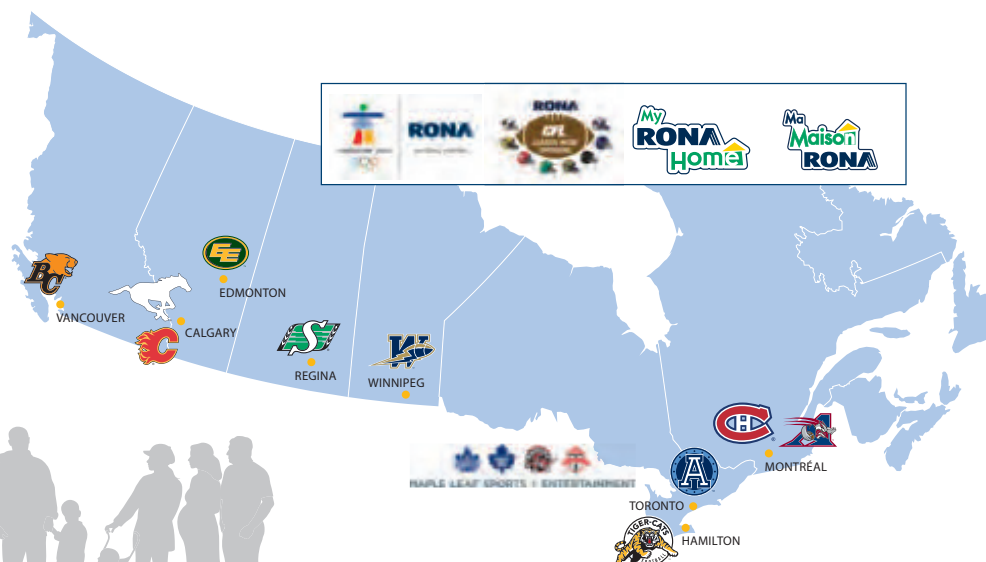
FACTO



STRONG NATIONAL AND REGIONAL SPONSORSHIP PROGRAMS

RONA is a long-time supporter of Canadian sports and athletics — professional as well as amateur — and a proud National Partner of Canada's Olympic and Paralympic teams through the London 2012 Summer Games. Our highly successful Truly Canadian Olympic campaign was one of the highlights of 2010.

The Company's sponsorship programs also include strong regional and local components in communities across the country. (More details are provided in the *Sustainable Development* section of this report starting on page 16.)



GAINING CRITICAL MASS IN THE COMMERCIAL AND PROFESSIONAL MARKET

RONA's push into the commercial and professional market gained traction during 2010, driven by robust double-digit organic growth and a series of targeted acquisitions in the plumbing and HVAC (heating, ventilation and air-conditioning) segments.

The Commercial and Professional Market division was established in late 2007, following the acquisition of Ontario-based plumbing distributor Noble. The division is a key element of RONA's strategy to achieve increased diversification and reduce the cyclicity of its business. The institutional construction market, for instance, tends to be counter-cyclical: during

periods of economic slowdown that dampen retail sales, governments frequently stimulate the economy by investing in infrastructure. Furthermore, the commercial and professional market is highly fragmented and thus ripe for consolidation.

RONA's goal is to establish a national platform in Canada. By year-end 2010, the division had grown to include 45 branches and boutiques, four distribution centres and three manufacturing facilities, with operations in Ontario, Quebec and British Columbia.

REVENUES FROM
'PRO' PLUMBING
AND HVAC ACTIVITIES
HAVE ALMOST TRIPLED
SINCE LATE 2007 FROM
\$140 MILLION TO
\$400 MILLION.*

* On an annualized basis





ACQUISITIONS HELPED MAKE 2010 A TURNING POINT

Key acquisitions in the HVAC and finishing-plumbing categories are building blocks for a fast-growing national platform

COMPANY NAME	LOCATION	NATURE OF BUSINESS	STRATEGIC BENEFITS
Don Park LP	Ontario	HVAC manufacturer & distributor	Instant market share in a new, highly complementary product category with strong growth potential
MPH Supply	British Columbia	Plumbing distribution & retail	Establishes 'PRO' bridgehead in the West for future growth, organically and through acquisitions
Plomberie Payette & Perreault	Quebec	Plumbing distribution & retail	Key 1 st step in Noble's plan to develop Quebec market and gain expertise in finishing-plumbing field
LGC	Quebec	Plumbing distribution	Strong distribution base to support further growth

FAST-TRACK GROWTH CONTINUES

RONA will continue to grow its Commercial and Professional Market sector in 2011, leveraging existing infrastructure as well its increased buying power and expertise.

PLANS FOR 2011 INCLUDE:

- 12 new combination plumbing-HVAC branches to open under the Noble banner – five in Ontario, five in Quebec and two in British Columbia;
- Five Noble kiosks to be established within existing Don Park locations in Ontario;
- Two new high-end, finishing-plumbing showrooms in Toronto and Montreal;
- Expansion of the Toronto plumbing and HVAC distribution center from 324,000 to 500,000 square feet — making it the largest such facility in Canada;
- Roll-out of a dedicated building-maintenance unit within Noble, tailored to the needs of institutions and commercial property owners.



UNIQUE VALUE PROPOSITION APPEALS TO PROFESSIONALS

RONA's Noble subsidiary is emerging as the professional's supplier of choice, thanks to its:

- Unwavering customer commitment
- Broad choice of products at competitive prices
- Guaranteed fill rates and on-time deliveries
- Highly trained sales specialists
- Solutions provided outside non-traditional business hours
- Multiple well-located branches

A WORD ON SUSTAINABILITY

FROM CEO ROBERT DUTTON

The theme emblazoned on the cover of this year's annual report, *Building our Sustainability*, reflects the importance RONA attaches to all three pillars of sustainable development — economic, social and environmental. The following pages focus on the crucial areas of social commitment and environmental stewardship, which figure prominently in the Company's strategic plan.

Making good on our commitment to position RONA as the industry leader in sustainability has entailed learning how to capitalize on opportunities created by Canadians' increased environmental and social consciousness, while mitigating the inherent risks.

FOCUS ON ECO-RESPONSIBLE PRODUCTS

In terms of opportunities, one of the areas where we can best exercise leadership and have the greatest impact is the products sold in RONA stores across the country. The challenge here was, first, to determine the methodology and rigorous criteria that would enable us to source a line of genuinely eco-responsible products. Then we had to learn how to effectively communicate to consumers the benefits of these products — avoiding, wherever possible, complex technical explanations — while steering clear of overly simplistic or extravagant claims that might be misconstrued as "green-washing".

Our on-going partnership with the International Chair in Life Cycle Assessment, a research unit of the CIRAI (Interuniversity Research Centre for the Life Cycle of Products, Processes and Services) at Montreal's École Polytechnique, has proved instrumental in helping us meet these challenges. During 2010, we continued to expand our benchmark RONA ECO and eco-responsible product lines and we launched an innovative online eco-responsible renovation guide with the support of well-respected third parties in this field.

To help us meet the communications challenge, we will be introducing improved, customer-friendly signage and point-of-sale material in our stores during 2011, while ensuring that employees have the training and knowledge required to explain the environmental features and benefits of the various products.

RESPONSIBLE PROCUREMENT

Given that RONA holds in its inventory over 90,000 different items — increasing numbers of which are sourced offshore — we felt obligated from both the risk-management and social-responsibility perspectives to ensure that our

RONA'S APPROACH TO SUSTAINABILITY



entire range of product offerings be aligned with RONA's sustainability standards. A new Responsible Procurement Policy (RPP) launched in 2010 stipulates that all products and services offered in RONA stores, as well as all goods and services used by the Company, will have to conform to stringent environmental and social norms.

REDUCING OUR ENVIRONMENTAL FOOTPRINT

Reducing RONA's own environmental footprint is another crucial challenge. Here again, we have turned to the experts at CIRAI, who are currently conducting a detailed analysis of how our Company's activities impact climate change — and how we might lessen that impact.

COMMUNITY OUTREACH REFLECTS SHARED VALUES

Underlying RONA's commitment to corporate social responsibility are our shared values: service, unity, respect, a sense of responsibility, and search for the common good. Those values are perhaps best exemplified by the *Builders of the New World* program, which celebrates the contributions of RONA employees to the betterment of social and environmental causes.

We are pleased with the continued progress we have made advancing RONA's sustainability agenda, thanks to a strong platform, solid policies and highly motivated people. At the same time, we realize there is more to be done. A key element of our rigorous approach is listening to and collaborating with stakeholders. Accordingly, we would welcome your feedback.

WHAT STAKEHOLDERS ARE SAYING

terrachoice
PART OF THE UL GLOBAL NETWORK

RONA is paving the way to responsible retailing.

TerraChoice

The Sins of Greenwashing Home and Family Edition 2010, p.13

In its 2010 "Sins" study, the environmental consulting and marketing group TerraChoice singled out RONA as an exemplary case study in "green" retailing, noting the critical buy-in from CEO Robert Dutton and the Company's third-party approach to product assessment.

GREENPEACE

The true leaders such as RONA... have responded to the ecological crisis in the Boreal Forest and are following up on their commitments to make a change...

Mélissa Filion

*Forest Campaigner
Greenpeace*

Of the 23 companies evaluated by Greenpeace Canada for the 2010 Boreal Marketplace Review, RONA was the only hardware-renovation retailer among the six named its "true leaders" list.

Montréal 

RONA has made a concrete gesture to promote responsible consumption of potable water... which we hope will motivate other enterprises to help sensitize citizens about the need to save water...

Richard Deschamps

Executive Committee, City of Montréal

Commending RONA's decision to stop selling toilets requiring more than six litres of water per flush, the Montréal's administration estimated that if all Montrealers switched to low-flow toilets it would result in daily savings of 90,000 cubic metres of water—enough to fill 30 Olympic-sized pools.



We find it both challenging and rewarding to work with RONA, thanks to its solid sustainability platform and clearly defined sense of mission. Participation in RONA-sponsored product-planning workshops gives innovative suppliers an opportunity to go a step further.

Jean Gaudreault

President & General Manager



RONA is the largest hardware company in America to have obtained the FSC® Chain of Custody certification to date. It gives consumers the assurance they are getting wood that comes from FSC certified forests, where conformance with the requirements of the FSC standard are rigorously verified and assessed by Rainforest Alliance auditors each year. This certification will also be great news for all those contractors who encourage and promote eco-responsible building practices.

Alexandre Boursier

Rainforest Alliance Regional Manager for Canada



The environmental commitments being made by RONA demonstrate their desire to be leaders in their industry. What's most notable is that they are looking inwards and outwards, committing to reducing wastes generated in their operations, while providing their customers with opportunities to bring back, in-store, used products for safe recovery and proper recycling. This comprehensive approach is how they will reach their progressive targets. We applaud and support their efforts.

Jo-Anne St. Godard

Executive Director of the Recycling Council of Ontario

RONA



**BUILDERS
OF THE NEW
WORLD**

**WORKING
TOGETHER
FOR A BETTER
WORLD!**

**BUILDERS
OF THE
NEW WORLD**

In recognition of the remarkable commitment of employees to help make their communities — and, by extension, the country — a better place, RONA launched the *Builders of the New World* program. Employees are encouraged to write in and share what they have done to contribute to a greener environment or more equitable society, as the case may be.

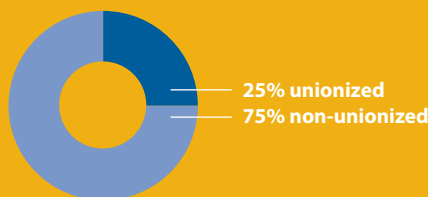
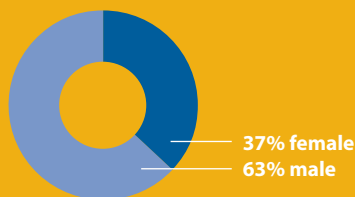
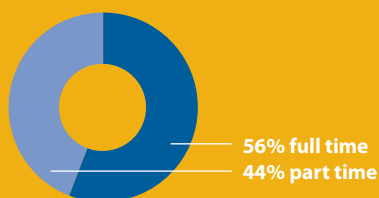
In 2010, 8,000 cards documenting employees' good deeds were received. RONA makes a \$10 donation to the RONA Foundation for each card received.

ENGAGING WITH OUR PEOPLE

The success of even the most carefully crafted strategic plan ultimately depends on mobilizing the men and women who must implement it. That helps explain why RONA strives to create an entrepreneurial, people-oriented culture that motivates employees to take ownership of the tasks assigned to them, while providing a safe, stimulating work environment, competitive compensation, job satisfaction and opportunities to grow.

On-going training and professional-development initiatives, including unique programs designed to appeal to young “up and comers” are key to RONA’s strategy — as is our commitment to open, two-way communication.

RONA’s workforce at a glance*



* Include 22,000 corporate and franchise employees. Excludes affiliate dealers.

MULTIPLE FORUMS FACILITATE FEEDBACK

STRAIGHT TALK TOPS THE MENU AT ‘CULTURE LUNCHESES’

“Culture lunches”, where store managers sit down informally with employees to listen, answer questions and address their issues and concerns, have become a fixture at many RONA stores. Open dialogue and straight talk are always on the menu.

On the corporate side, the same emphasis on frank, open dialogue is evident at monthly luncheons where CEO Robert Dutton, accompanied by the Senior Vice President, People and Culture, meet with groups of employees, either at RONA headquarters in Boucherville, Quebec, or at regional administrative centres in Toronto and Vancouver.

INPUT FROM FRONT-LINE EMPLOYEES IS CRUCIAL

Whether the challenge entails reducing costs, increasing productivity or enhancing customer service, front-line store employees play a crucial role in RONA’s continuous-improvement initiatives. In-store committees are an effective means of engaging store employees and enabling the Company to benefit from their input and experience.

For instance, most stores have committees focused on reducing “shrink” — that is losses resulting from damaged merchandise or shop-lifting. These committees were instrumental in helping reduce shrink by almost \$8 million in 2010. Employee committees focused on other priorities, including health and safety, are proving equally effective.

EMPLOYEE MOBILIZATION



SUSTAINABILITY COMMITMENT A SOURCE OF PRIDE

A comprehensive survey of RONA employees conducted by human-resources consultants Aon Hewitt in 2010 found that fully 75% of respondents recognize and admire the Company’s commitment to leadership in sustainability.

Employee engagement is a key driver of performance. The high level of buy-in evident from the results of a recent employee survey — the fact that our people are so proud of RONA’s leadership on sustainability, is very gratifying... and says a lot about our success in this area.

Christian Proulx

Senior Vice President, People and Culture

NEW DIMENSIONS IN TRAINING

Despite challenging market conditions in 2010, RONA stepped up its training activities, secure in the knowledge that such investments pay off in improved performance and increased sales.

RONA’s comprehensive training and professional development programs range from tactical, hands-on initiatives, such as the IC4 e-learning platform that supports most in-store product training, to more strategic university-level programs design to further strengthen the Company’s management ranks.

Employees logged on for more than 256,000 30-minute IC4 training sessions during 2010, while some 4,300 staff benefitted from almost 19,000 person-hours of classroom training.

FOCUS ON ENTREPRENEURSHIP

A strong focus on entrepreneurship is a common denominator evident throughout RONA’s training and coaching curriculum. Key strategic training initiatives include the Altitude program for store and regional managers — developed and delivered in collaboration with Montreal’s Concordia University — and the Front Line program for store supervisory staff. Versions of both these corporate training programs are being made available to affiliated dealer-owners and managers.



RONA's new, more decentralized organizational structure, introduced in late 2010, is also well suited to fostering an entrepreneurial culture. Managers now have greater autonomy —

and greater accountability — in terms of operating and growing the business in their respective regions and achieving the desired level of performance.

ACROSS CANADA	2009	2010	Variance
e-learning			
Number of IC4 – 30 minute-training sessions	247,139	256,327	4%
In-class training (management training, technical and sales training)			
Number of training sessions	438	836	91%
Number of people trained	3,784	4,329	14%
Number of training hours	11,043	18,642	69%

HEALTH & SAFETY FRONT AND CENTRE

The health, safety and well-being of employees remains a top priority at RONA. During 2010, the Company completed the roll-out of uniform national employee health and safety (EHS) standards that apply to all RONA operations. Specialists located in each of the main regions across the country are responsible for ensuring compliance with the national EHS standards and norms, overseeing a pro-active, prevention-oriented approach designed to achieve continuous improvement in terms of both the frequency and severity of workplace incidents. As well, each store and distribution centre has its own Health and Safety Committee.

A significant reduction achieved during 2010 in the number of incidents at the Company's Boucherville distribution centre — which represents a higher-risk work environment than a retail store — underscores the effectiveness of this pro-active approach.

ENGAGING WITH COMMUNITIES

At RONA, we are committed to engaging in a meaningful way with the communities where we have a presence and contributing to their economic sustainability and quality of life.

WE BELIEVE IN BEING GOOD CITIZENS

At the forefront of our philanthropic endeavors is the RONA Foundation, which provides financial support to organizations that help disadvantaged and at-risk young people achieve their potential and take their rightful places in the workforce and society. Since its inception in 1998, the Foundation has donated more than \$2.9 million to registered charitable organizations across Canada.

RONA's corporate donations and sponsorships during 2010 helped support a range of healthcare, education, arts and national heritage organizations, including research efforts to combat illnesses like multiple sclerosis, cystic fibrosis and Alzheimer's disease.

Quite apart from the Foundation's efforts and RONA's corporate giving, the some 900 stores and distribution centres operating under the various RONA banners take pride in giving something back by supporting worthwhile projects and causes in communities throughout the country.

RONA employees, too, give freely of their time and efforts to help make their communities — and the world — a better place.

A priority for 2011 is the development of an integrated strategy — built around the primary focus on support for young people — that will enable RONA to better leverage the impact of Foundation, corporate, individual store and employee contributions.



RONA FOUNDATION FUNDS VITAL SKILLS TRAINING

Among the 79 beneficiaries of the RONA Foundation's \$400,000-plus donations for 2010 were two carpentry-training workshops modelled on RONA's unique Vancouver 2010 "Fab Shop", which was part of the Company's Olympic sponsorship program.

Carrying on that legacy are the new Tradeworks Fabrication Shop in Vancouver and the Vermilion Energy/YWCA Skills Training Centre in Calgary. Both provide disadvantaged young people — mostly women in the case of Calgary — with hands-on training in carpentry and related skills that will qualify them for rewarding, well-paid jobs in construction.

Other beneficiaries included *Le Boulot vers*, which teaches cabinet-making skills to at-risk youth in Montreal, and the Ambassador School program operated by the Children's Aid Foundation in Toronto, which provides an alternative learning environment to disenfranchised young people who have grown up in the child-welfare system.



SPONSORSHIPS FOCUS ON COMMUNITIES AND FAIR PLAY

RONA's sports sponsorships and related community initiatives are designed to promote the Canadian values of fair play, social responsibility and perseverance, while encouraging young people to lead active lives and pursue their dreams.

For instance, recent sponsorship pacts with Maple Leaf Sports & Entertainment and the Calgary Flames include commitments to underwrite the costs of refurbishing ice rinks and other community recreational infrastructure.

RONA is a long-time supporter of Canadian sports and athletics — professional as well as amateur — and a proud National Partner of Canada's Olympic and Paralympic teams through the London 2012 Summer Games.

From 2006 through the end of 2010, the RONA *Growing With Our Athletes* program has provided \$4 million in financial support to 100 high-performance winter and summer athletes, including current and future Olympians.

REDUCING OUR ENVIRONMENTAL FOOTPRINT

RONA is strongly committed to leadership on the environment. The Company is forging ahead on several fronts to make it easier for Canadian consumers to adopt more environmentally friendly habits, while striving to reduce its own environmental footprint.

WASTE REDUCTION

Diverting waste from landfills is a crucial consideration in the context of RONA's life-cycle approach to environmental stewardship.

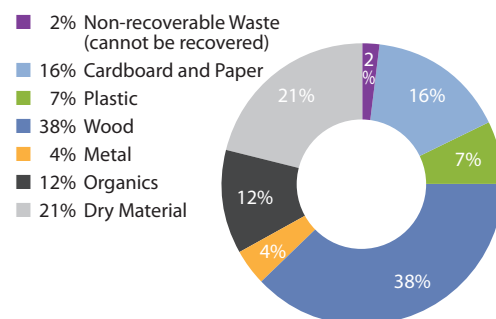
Cardboard recovery has been in place at big-box stores and distribution centres for more than 10 years and, in 2008, the Company began implementing a program for the recovery of plastic. Thanks to those initiatives, 4,895 tons of cardboard and plastic were diverted from landfills in 2010. While this is a very large quantity and an improvement over 2009, it represents less than half of the 23% of total waste accounted for by cardboard, paper and plastic at a typical big-box store. The aim going forward is to recover a significantly larger portion of such waste.

During 2010, the Company began to take aim at the other 75%-plus of store-generated waste, including wood, dry materials like gypsum and ceramics, and organic material. Successful pilot projects in Ontario and Quebec involved returning pallets to firms that sell them for re-use, sending other wood waste to non-profit groups for conversion and resale as kindling and firewood, and returning gypsum waste to the manufacturer for recycling. In 2011, RONA will be rolling out similar initiatives at stores across Canada.

ZERO-WASTE TARGET

The next step in terms of waste management is to begin more widespread implementation of a "zero-waste" program, whereby all waste generated through in-store activities is recovered and then recycled or disposed of in an environmentally responsible manner. It was with this objective in mind that RONA conducted a zero-waste initiative at its Stockyards and Brampton stores in Ontario during 2010. Thanks to the outstanding efforts of employees at those sites, the benefits of this approach were clear after little more than a month, and the Company decided to expand the program in 2011, beginning with other areas of Ontario. RONA will also look into subsequently implementing zero-waste initiatives elsewhere across the country.

WASTE GENERATED BY A TYPICAL RONA BIG-BOX STORE



CARDBOARD AND PLASTIC RECOVERY

* The price of recovered material fluctuates with the market.

	2010		2009		2008	
	Number of tons	Net profit*	Number of tons	Net profit*	Number of tons	Net profit*
Cardboard	4,486	\$1,013,287	4,064	\$628,085	4,234	\$745,000
Plastic	409		405		180	



ECOLEADERS SQUAD SPEARHEADING IN-STORE INITIATIVES

Building on the success of a pilot program in Ontario, RONA is mobilizing employees at the grassroots level to spearhead a national effort aimed at reducing its environmental footprint and helping customers reduce their environmental footprints too.

A coast-to-coast squad of RONA EcoLeaders is being formed in 2011 — one for each store. EcoLeaders are selected on the basis of their leadership skills and personal engagement towards the environment.

It's great to visit different stores and see the pride our EcoLeaders take in what we've been able to achieve at the grassroots level to reduce RONA's footprint. Their passion and commitment are contagious.

Anthony Romeo

Ontario EcoLeader Co-ordinator and General Manager of the RONA Home & Garden "Stockyards" store in Toronto

PARTICIPATING IN THE CARBON DISCLOSURE PROJECT

RONA has been participating in the international Carbon Disclosure Project (CDP) since 2008. The CDP is an independent non-profit organization that plays a crucial role in encouraging companies worldwide to measure, manage and reduce their greenhouse gas emissions.

ENERGY CONSERVATION

RONA considers climate change one of the most important environmental issues to manage. Reducing energy consumption in our extensive network of stores is a pro-active way of reducing the Company's overall greenhouse gas (GHG) emissions.

Promising energy-reduction initiatives being explored and tested for implementation at existing stores across the country include: the replacement of older lighting systems by more efficient T5 fluorescent fixtures; the installation of voltage-harmonizer systems; and the retrofitting of advanced HVAC and lighting controls programmed to curb energy use at times when it is not required.

In addition to the retrofit programs in existing stores, energy efficiency is an integral part of our newly built stores.

NEW STORES MEASURE UP TO STRINGENT LEED STANDARDS

A recently opened store in Sherwood Park, Alberta, has joined our growing list of facilities designed and built to meet the stringent criteria of the internationally recognized Leadership in Energy and Environmental Design (LEED) assessment system.

LEED evaluation criteria include measures to protect air quality, such as the use of low-emissions building materials, as well as measures for reducing energy consumption, including energy-efficient roofing systems, extra insulation in the building envelopes, energy-efficient lighting and HVAC systems.

RONA is committed to building all new corporate stores situated on Company-owned sites to LEED specifications, including those scheduled to open in 2011.

MA MAISON RONA REALITY TV SHOW PROMOTES ECO-RESPONSIBLE CONSTRUCTION

Taking its cue from the previous season's English-language My RONA Home reality TV show, the French-language *Ma Maison RONA* series showcased advanced LEED building techniques in 2010. The LEED® Canada for Homes certification system was introduced in 2009 to promote the design and construction of high-performance homes.

The two houses built during this past season of *Ma Maison RONA* became the first in Quebec to receive LEED® Canada for Homes Gold-level certification. The successful outcome reflects RONA'S commitment to sustainable development — and to keeping consumers well informed with regard to eco-responsible home renovation and construction practices.

TRANSPORTATION INITIATIVES

Transporting the large quantities of merchandise required to keep RONA's sprawling, Canada-wide network of stores well stocked—mainly via highway transport—accounts for a significant portion of the Company's energy consumption and GHG emissions.

Having already implemented significant, fuel-saving route-optimization initiatives, distribution teams followed up in 2010 by fitting 20 RONA trailers with wind deflectors. The trailers will be utilized on long-distance routes. Under optimal conditions, the trailers will yield a 5% fuel consumption saving compare to conventional trailers.



ENCOURAGING CONSUMERS TO DO THE RIGHT THING



In 2010, RONA continued to put in place initiatives designed to entice consumers into choosing eco-responsible alternatives and adopting responsible consumption habits.

EXPANDING OUR BENCHMARK ECO-RESPONSIBLE PRODUCT OFFERINGS

When RONA decided to carve out a new market niche by offering Canadian consumers a benchmark line of eco-responsible hardware and home-renovation products, it was determined to avoid “greenwashing”. All RONA ECO and eco-responsible products must be approved by the International Chair in Life Cycle Assessment, a research unit of the CIRAIG at Montreal's École Polytechnique that has been a valued Company partner for the past four years.

RONA ECO products must leave a smaller ecological footprint than equivalent conventional products throughout their entire life cycle. An array of other eco-responsible products sold in RONA stores under various brands also are subject to evaluation by CIRAIG. To qualify, they must deliver a better environmental performance in one or more stages of their life cycle.

During 2010, RONA continued to expand these lines, which now encompass over 2,000 different products. The fact that the number of products targeted for 2011 had already been surpassed by the end of 2010 — a full year ahead of schedule — attests to the success and continued growth of this program.

TAKING SUPPLIER COLLABORATION TO A NEW LEVEL

Determined to maintain its competitive edge in eco-responsible products, RONA is leveraging the experience gained over the past three years by organizing training sessions for suppliers in collaboration with CIRAIG and the Institute for Product Development. During 2010, some 40 suppliers attended two-day seminars staged in Montreal and Quebec City, where they were able to gain a better understanding of RONA ECO and eco-responsible products selection criteria that could be incorporated into product-development plans beginning at the early stages of research and design.

Product selection and supplier mobilization are crucial factors in our efforts to establish RONA as the industry leader in sustainability. We took several more significant steps in that direction during 2010.

Normand Dumont
Executive Vice President, Merchandising

COMPREHENSIVE ECO-RENOVATION GUIDE

RONA's new Eco-responsible Renovation website is a comprehensive, transparent and user-friendly tool. Based on the rigorous life-cycle assessment approach that serves as the platform for RONA's entire sustainability agenda, the online guide was developed in collaboration with CIRAIG and two non-profit organizations that focus on sustainability issues, Équiterre and Écohabitation. The web site is divided into two main sections: products and projects.

Encouraging consumers to do the right thing is not simply a matter of putting eco-responsible products on store shelves. We are working on a number of fronts to provide customers with the enhanced information tools they need to make informed choices.

Claude Bernier
Executive Vice President,
Marketing and Customer Innovation



www.ronaeco.ca

NUMBER OF PRODUCTS

	2008	2009	Objective 2010	Achieved 2010	Objective 2011
RONA ECO products	8	370	400	453	450
Eco-responsible products	500	1,373	1,700	1,726	2,000

The experts at CIRAIG, the world's largest research center in life cycle assessment, conduct all product assessments. Products are evaluated at the entry point and re-evaluated each year to ensure they still merit a place in these benchmark product lines.

RONA'S SUSTAINABILITY-DRIVEN PROCUREMENT POLICIES

Product selection and procurement are key areas where RONA is able to exercise its leadership in sustainable development while ensuring respect for Company values.

Summarized below is the rigorous new Responsible Procurement Policy, introduced in November 2010, as well as a progress report on the Wood Products Procurement Policy introduced in late 2008.

Development of a new Paper and Cardboard Policy, the second phase of the Company's Forest Products Procurement Policy, is now complete and the policy is in the final steps of a series of consultations with stakeholders. Initially scheduled for introduction at the end of 2009, this new policy is poised for launching in the first half of 2011.

Moving forward, RONA will embark on the development of a packaging policy with a planned launch date of November 2011.

RESPONSIBLE PROCUREMENT POLICY

Developed after a thorough analysis of global best practices and extensive consultation with stakeholders, RONA's new Responsible Procurement Policy (RPP) is designed to ensure that products sold by the Company:

- Will have the least possible impact on the environment, taking into account five key environmental issues: climate change, water quality and supply, human health, the quality of ecosystems and depletion of resources;
- Contribute to social and economic development locally and regionally in Canada;
- Are the result of the labour of workers whose rights are respected.

Principal references for this purpose are the International Labour Organization (ILO) Conventions, the applicable sections of the Universal Declaration of Human Rights and the national laws of the countries where suppliers are located.

The RPP, which came into effect in January 2011, complements policies already introduced by the Company for certain product categories, including wood products, as well as a policy

RONA PROGRAMS FOR CONSUMERS

The Company has steadily expanded its partnerships with electrical utilities and water-supply authorities across Canada to promote solutions such as programmable thermostats, Energy Star light fixtures and appliances and dual-flush toilets.

RONA operates a number of recovery programs that enable consumers to safely dispose of waste, including paint; RONA was the first in Canada to recover used paint.

RONA RECOVERY PROGRAMS FOR CONSUMERS

	Quantity recovered	
	2009	2010
Paint	3,093,664 kg	2,821,989 kg
Batteries	16,497 kg	30,209 kg
Compact fluorescent light bulbs	67,121 bulbs	97,124 bulbs
Power tools accessories	5,378 accessories	6,820 accessories

ending sales of synthetic cosmetic pesticides. The new umbrella policy applies to all products and services sold in its stores as well as goods and services used by the Company. This new policy is an update of RONA's 2002 Responsible Buying Code.

WOOD PRODUCTS PROCUREMENT POLICY

RONA's Wood Products Procurement Policy is designed to protect a precious renewable resource — Canada's Boreal Forest — by offering products sourced from sustainably managed woodlands certified under three recognized programs: the Forest Products Marking Program (CSA), the Sustainable Forestry Initiative (SFI) and the Forest Stewardship Council (FSC).

In a November 2010 progress report, the Company announced it had achieved its goal of selling softwood lumber sourced exclusively from certified forests in all corporate and franchise stores. As well, an objective of having

25% of its softwood lumber sourced from FSC-certified forests by the end of 2012 has been met two years ahead of schedule. RONA gives preference to the FSC certification because it best responds to Company requirements regarding relations with indigenous communities and biodiversity conservation.

Although FSC-certified lumber is not readily available in many parts of Canada, six RONA stores were offering softwood lumber sourced exclusively from FSC forests at year-end 2010. The Company has also received FSC Chain of Custody (CoC) certification for wood products in 10 stores and three distribution centres. To qualify, the supply chain must be traceable from the forest through all phases of production and onward to the consumer. CoC certification is crucial for contractors or consumers wishing to build homes that comply with LEED (Leadership in Energy and Environmental Design) standards.

WOOD PRODUCTS PROCUREMENT POLICY PROGRESS REPORT

Policy launched in November 2008

Corporate and franchise stores

	December 2008	December 2009	Objectives	End of 2010 status
Certified lumber	90%	94%	End of 2010 100%	100% Objective reached on time
FSC certified lumber	2%	9%	End of 2009 4% End of 2012 25%	25% Objective reached two years ahead of schedule
Certified plywood	95%	100%	End of 2009 100%	100% Objective reached on time
Certification label on wood	Less than 5%		End of 2010 30%	30% Objective reached on time

Next steps

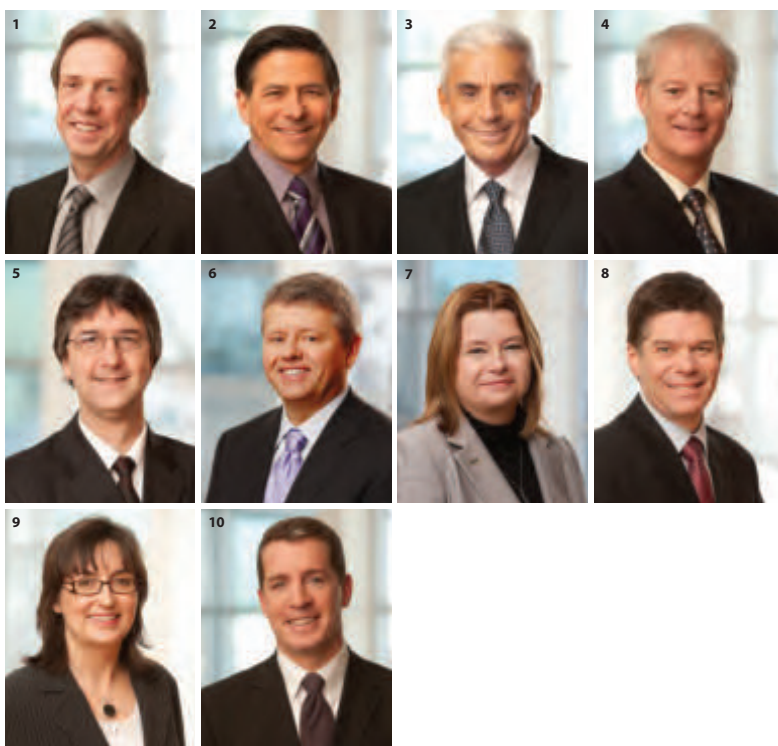
The next stages will consist of pursuing initiatives to support achievement of objectives targeted for 2011:

- Initiatives with suppliers regarding reports on traceability for their fibre, back to the forest of origin;
- Initiatives with our affiliate dealer-owners aiming at sourcing 90% of softwood lumber from certified forests.



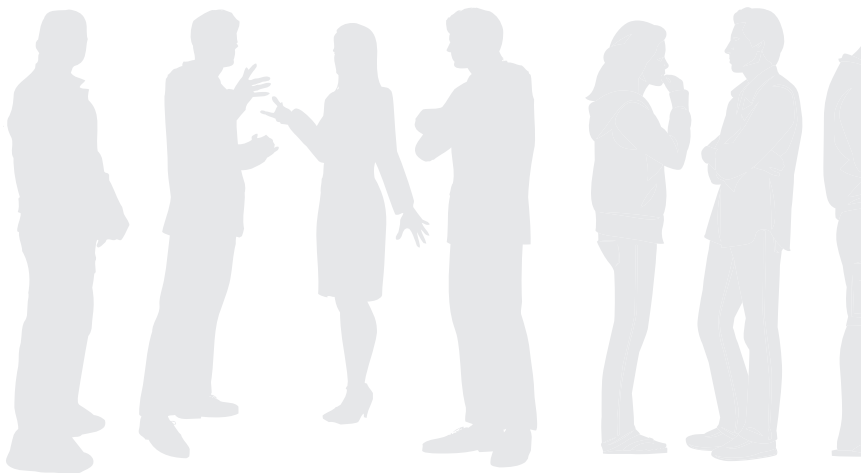
THE BOARD OF DIRECTORS

1. **Jean Gaulin**, Chairman of the Board of RONA, Corporate Director
2. **Robert Dutton**, President and Chief Executive Officer of RONA
3. **Réal Brunet**, Corporate Director
4. **Louise Caya**, Vice President and Secretary of Thomas Caya (1982) inc. (hardware store) and Vice President and Controller, Industrie Fabco Inc. (prefabricated kiosks and shelters)
5. **Richard Fortin**, Chairman of the Board of Alimentation Couche-Tard (convenience store operator), Lead Director on the Board of Directors of Transcontinental Inc. and Corporate Director
6. **Jean-Guy Hébert**, President of Maximat Inc. (holding company), of Horizon Devcow Inc. (real estate), Dealer, RONA L'entrepôt (Granby)
7. **J. Spencer Lanthier**, Corporate Director
8. **Alain Michel**, Chairman of the Board of Cari-All Group Inc. (manufacturer of shopping carts) and Corporate Director
9. **Robert Paré**, Corporate Lawyer and Partner at Fasken Martineau Dumoulin LLP (law firm) and Corporate Director
10. **James Pantelidis**, Chairman of the Board of Directors of Consumer's Waterheater Income Fund (energy heating) and of Parkland Income Fund (energy downstream) and Corporate Director
11. **Jocelyn Tremblay**, an advisor to Vins Arista inc. (Groupe Lassonde) (wine merchant) and Vice President Corporate Affairs of Vins Philippe Dandurand inc. (wine agent) and Corporate Director
12. **Jean-Roch Vachon**, Corporate Director



MANAGEMENT TEAM

1. **Claude Bernier**, Executive Vice President Marketing and Customer Innovations
2. **Normand Dumont**, Executive Vice President Merchandising
3. **Robert Dutton**, President and Chief Executive Officer
4. **Claude Guévin**, Executive Vice President and Chief Financial Officer
5. **Paul Jovian**, Senior Vice President Supply Chain
6. **Jean-Luc Meunier**, Senior Vice President Business Development
7. **Linda Michaud**, Vice President Information Technologies
8. **Christian Proulx**, Senior Vice President People and Culture
9. **Marie-Claude Soucy**, Vice President Business Projects and Planning
10. **Michael Storfer**, Vice President Commercial and Professional Market



TRANSFER AGENT

**Computershare Trust Company
of Canada**
700-1500 University Street
Montreal, Quebec H3A 3S8

BANKERS

**Bank of Montreal
Bank of Nova Scotia
Caisse Centrale Desjardins
National Bank of Canada
Royal Bank of Canada**

AUDITORS

**Raymond Chabot Grant Thornton
LLP**
Chartered Accountants

FOR INFORMATION

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Tel.: 514 599-5100

KEY DATES

Fiscal year-end: December 25, 2011

Quarterly earnings results release dates

First Quarter: May 10, 2011
Second Quarter: August 10, 2011
Third Quarter: November 9, 2011
Fourth Quarter: February 23, 2012

Annual General Meeting:

May 10, 2011 at 11:00 a.m. (Eastern Time)
RONA's head office
Academy Room
220 chemin du Tremblay
Boucherville, Quebec J4B 8H7
Tel.: 514 599-5100

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